

STATEMENT OF GALE A. NORTON  
SECRETARY OF THE INTERIOR  
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE  
ON ENERGY AND WATER DEVELOPMENT  
ON THE 2005 PRESIDENT'S BUDGET REQUEST

MARCH 4, 2004

Good morning. I am pleased to be here today before the Subcommittee on Energy and Water Development to discuss the fiscal year 2005 budget for the Department of the Interior. I appreciate the opportunity to highlight our priorities and key goals.

The Department of the Interior's mission is complex and multi-faceted. We provide recreation opportunities. We provide access to resources. We protect some of the Nation's most significant cultural, historic, and natural places. We serve communities through science, wildland firefighting, and law enforcement. We deliver water and power. We fulfill trust and other responsibilities to American Indians, Alaska natives, and the nation's affiliated island communities.

Interior's mission is also challenging. It is challenging because the world around is increasingly complex as expectations evolve, new technologies emerge, and our responsibilities to the American people increase.

Above all, our mission is inspiring. We have close connections to America's lands and people, whether American Indians and naturalists, hikers and hunters, ranchers and recreation enthusiasts, or environmentalists and entrepreneurs. Our responsibilities touch the lives of individuals across the Nation. How well we fulfill our mission influences:

- Whether farmers will have water and people can turn on the tap;
- Whether our children will enjoy America's grand vistas, places, and history;
- Whether we can hike, bird watch, canoe, or hunt and fish; and
- Whether we can warm our homes and fuel our transportation systems.

By fulfilling Interior's mission, we can leave a legacy of healthy lands and waters, thriving communities, and dynamic economies. That legacy depends on our ability to work together across landscapes and with communities. It

depends on the efforts of our 70,000 employees, 200,000 volunteers and thousands of partners.

### **Budget Overview**

Our 2005 budget request for current appropriations is \$11.0 billion. The Department anticipates collection of \$10.1 billion in receipts in 2005, equivalent to 92 percent of our current appropriations request.

The 2005 request includes \$10.0 billion for programs funded in the Interior and Related Agencies Appropriations Act, an increase of \$228.4 million or 2.3 percent over the 2004 enacted level.

Our budget also includes \$1.0 billion for programs funded in the Energy and Water Development Appropriations Act, an increase of \$21.8 million, or 2.2 percent above 2004.

Interior's 2005 budget request provides the single clearest statement of how we plan to work toward our goals in the upcoming year. Our budget fulfills the President's commitments to fully fund the Land and Water Conservation Fund; address the backlog of park repair and maintenance needs; fix Bureau of Indian Affairs schools; and re-establish healthy forests and rangelands.

Our 2005 budget also advances other key goals. It accelerates the cleanup of abandoned coal mine lands; expands opportunities for cooperative conservation; advances trust reform; seeks to avoid water conflicts throughout the West through Water 2025; and supports the goals of the National Energy Plan.

### **Bureau of Reclamation**

The Bureau of Reclamation is the largest supplier and manager of water in the 17 western States. Its facilities include 348 reservoirs and 456 dams with the capacity to store 245 million acre-feet of water. These facilities deliver water to one of every five western farmers for about 10 million acres of irrigated land and provide water to over 31 million people for municipal, rural, and industrial uses. Reclamation is also the Nation's second largest producer of hydroelectric power, generating 42 billion kilowatt hours of energy each year from 58 power plants. In addition, Reclamation's facilities provide substantial flood control, recreation, and fish and wildlife benefits.

Since its establishment in 1902, Reclamation has developed water supply facilities that have contributed to sustained economic growth and an enhanced quality of life in the western States. Lands and communities served by the

bureau's projects have been developed to meet agricultural, tribal, urban, and industrial needs. In more recent years, the public has demanded better environmental protections and more recreational opportunities, while municipal and industrial development has required more high quality water. Continuing population growth, especially in urban areas, will inevitably lead to even greater competition for the West's limited water resources. These increased demands are further compounded during periods of drought.

The 2005 request for current appropriations is \$956.3 million, a net increase of \$13.5 million above the 2004 enacted level. The request for current appropriations is offset by discretionary receipts in the Central Valley Project Restoration Fund and by a proposal to finance by direct funding certain hydropower operation and maintenance activities, resulting in a net discretionary request of \$880.0 million, a decrease of \$32.1 million from the 2004 enacted level. The request for permanent appropriations totals \$90.5 million.

The request for the Water and Related Resources account is \$828.5 million. The account total includes an undistributed reduction of \$36.6 million in anticipation of delays in construction schedules and other planned activities. The 2004 Energy and Water Development Appropriations Act, for the first time, directed Reclamation to prorate underfinancing to each project and program. In accordance with this direction, the basis for comparing the amount of 2005 funding changes is the 2004 enacted level with underfinancing applied.

The 2005 request provides a total of \$366.6 million for facility operations, maintenance, and rehabilitation. This includes \$64.0 million for the Dam Safety program to protect the downstream public by ensuring the safety and reliability of Reclamation dams. The 2005 request also includes a total of \$498.4 million for resource management and development activities.

***Water 2025:*** Chronic water supply problems in the West will continue to challenge the Nation to find effective approaches to long-term management of water resources. Recent crises in the Klamath and Middle Rio Grande basins, where water shortages have affected American Indians, farmers, urban residents, and fish and wildlife vividly demonstrate the consequences of failing to address strategically the problem of competing demands for constrained water supplies.

The 2005 budget includes \$21.0 million for Water 2025 to minimize future western water crises by fostering conservation and interagency coordination, enhancing water supplies through improved technologies, and managing water resources in cooperation with others. Collaborative approaches and market-based water transfers will help address emerging needs. Federal investments in

research and development will improve water treatment technologies such as desalination.

A Water 2025 increase of \$12.5 million for the Bureau of Reclamation will build on the 2004 Western Water Initiative, providing a total of \$20.0 million to retrofit and modernize existing facilities, promote conservation and more efficient use of existing water supplies, improve water management by using excess capacity at Federal facilities, and facilitate research to provide alternative water supplies.

The U.S. Geological Survey's 2005 budget includes \$1.0 million for Water 2025 to conduct groundwater availability assessments, develop tools and techniques for protecting biological resources while meeting water supply needs, and to improve methods to characterize aquifers.

***Animas La Plata:*** The 2005 budget proposes funding Animas La Plata at 2004 levels, prior to the application of underfinancing. This level of \$52.0 million allows progress towards satisfying the Indian water rights settlement with the continued construction of Ridges Basin Dam and Durango Pumping Plant; road and utility relocations; preconstruction activities for the Navajo Nation municipal pipeline; and design and contract preparation for the Ridge Basin Inlet Conduit.

In the fall of 2003, Reclamation completed an internal investigation into why Animas La Plata project costs were underestimated by \$181 million or 48 percent. As a result of the investigation, Reclamation has recalculated the construction cost estimate and will review/reconfigure its internal organizational approach to the project; review its Indian Self-Determination and Assistance Act process to improve construction efficiencies; improve interaction and communication with the project sponsors; seek ways to reduce costs; and review its own procedures for developing construction cost estimates.

***CAP and CVP:*** The request provides \$34.1 million for the Central Arizona Project. The request also includes \$162.9 million for operating, managing and improving California's Central Valley Project. This includes a total of \$23.2 million for CVP's Replacement, Additions, and Extraordinary Maintenance program. The CVP request also includes the third and final \$34.0 million payment to the plaintiffs for the settlement of *Sumner Peck Ranch Inc. v. Bureau of Reclamation*.

***Multiple-use Management:*** The budget puts continued emphasis on Reclamation's core mission of delivering water and power, while focusing on ensuring site security and on maximizing efficient ways to conserve water for multiple uses, including endangered species protection. The Klamath, Columbia

Basin, and Savage Rapids Dam projects, along with the Columbia/Snake Rivers salmon recovery and the ESA recovery implementation programs, are funded at \$72.2 million, which is \$15.7 million above 2004 enacted levels. These increases, together with the Water 2025 initiative, will help optimize water supply through effective and more efficient water management.

The Middle Rio Grande project is funded at \$18.0 million, \$14.3 million below the 2004 enacted level. This funding level is consistent with the President's budget request in recent years and addresses needs for ESA coordination, the Middle Rio Grande Endangered Species Act Collaborative program, and facility operations to manage and control water flow.

***Rural Water:*** The 2005 budget request for rural water projects is \$67.5 million, a decrease of \$9.1 million from the 2004 enacted level (with underfinancing applied) and an increase of \$49.5 million about the 2005 President's budget. The budget request supports the Department's strategy to complete construction projects to increase water delivery infrastructure and water availability. In the long-term, the water needs of rural communities may benefit from Water 2025 by helping communities look at new technologies and new management strategies for their water resources.

***Other Project Requests:*** The budget includes \$43.2 million, an increase of \$15.4 million, for site security. This increase will be used to assure the safety and security of Reclamation facilities that will in turn lower the risk of harm to life and property. Beginning in 2005, the budget assumes that the guards and surveillance-related security costs for Reclamation's facilities are reimbursed by project beneficiaries.

The budget request also establishes a direct financing relationship between Reclamation hydropower facilities and their customers, for those facilities where such an arrangement is not already in place and includes an offsetting collection proposal of \$30.0 million.

Other funds are requested to assist the Bureau in meeting objectives in the areas of improved water management and environmental compliance. Examples include \$15.3 million for the Lower Colorado River Operations program and \$13.6 million for the Colorado River Storage Project.

The 2005 Reclamation budget includes a request for \$54.7 million from the Central Valley Project Restoration Fund, which is the estimated level of collections from CVP water and power users. This request is offset by collections estimated at \$46.4 million from mitigation and restoration charges authorized by the Central Valley Project Improvement Act.

The 2005 budget includes \$15.0 million for the implementation of Stage one CALFED activities consistent with existing authorities. These activities are included in the preferred program alternative recommended by CALFED and approved by the Secretary of the Interior. The majority of these funds will specifically address the environmental water account, water storage and conveyance studies, and program administration.

### **Central Utah Project Completion Act**

The Central Utah Project Completion Act provides for completion of the project by the Central Utah Water Conservancy District. The Completion Act also authorizes funding for fish, wildlife, and recreation mitigation and conservation activities; establishes the Utah Reclamation Mitigation and Conservation Commission to oversee implementation of those activities; and authorizes funding for the Ute Indian Rights Settlement. A program office located in Provo, Utah provides liaison with the District, Mitigation Commission, and the Ute Indian Tribe and otherwise assists in carrying out responsibilities of the Secretary. Under the Act, the responsibilities of the Secretary cannot be delegated to the Bureau of Reclamation.

The 2005 Central Utah Project requests \$46.3 million, an increase of \$8.3 million over the 2004 enacted level. Most of this increase is due to a transfer of budgetary authority and responsibility from the Western Area Power Administration to the Department. The request includes: \$28.4 million for planning and construction activities administered by the District; \$15.5 million for mitigation and conservation activities funded through the Mitigation Commission; and \$2.4 million for activities administered by the program office, which includes \$700,000 for mitigation and conservation activities funded through the program office.

### **Klamath Basin**

The Department's partnership efforts are bringing about change in the Klamath Basin. Interior bureaus, partnering with other Federal agencies, are restoring habitat, removing fish migration barriers, acquiring land, using water banking, and researching the ecology of the federally-listed fish species. Through these partnership efforts, the Department is seeking long-term resolution of conflicts over water and land management.

The 2005 budget includes \$67.6 million for this effort, a \$17.9 million increase over 2004 funding levels. Other government agencies will provide an additional \$38 million, bringing a total of \$105 million to this effort. The budget includes

funds to remove the Chiloquin Dam, which impedes passage of endangered suckers to 70 miles of spawning habitat on the Sprague River, and to acquire lands adjacent to Agency Lake Ranch to increase water storage and fisheries habitat restoration. Additional funding will also support water banking, water supply enhancement, and water quality improvement. Reclamation's budget contains \$25.0 million for Klamath.

### **Addressing Long-standing Department Challenges**

***Abandoned Mine Lands:*** Since enactment of the Surface Mining Control and Reclamation Act in 1977, the Department has partnered with States, Tribes, local governments, and others to reclaim over 225,000 acres of damaged and dangerous lands. Despite these accomplishments over the past two and a half decades, dangerous abandoned coal mines remain within one mile of the homes of more than 3.5 million Americans. Since 1999 a total of 100 people have died in incidents related to abandoned coal mines.

The primary impediment to completing reclamation of abandoned mines is the fundamental imbalance between the goals of the 1977 Act and the requirements for allocating funds under the Act. The statutory allocation formula limits the ability of the Office of Surface Mining to meet its primary objective of abating the highest-priority abandoned coalmines. The majority of funding in the program is distributed to States on the basis of current production. Yet there is no relationship between current production and the number of priority sites in each State, which is a function of pre-1977 production.

Over the past 25 years, the allocation formula has enabled some States and Tribes to complete reclamation of all abandoned coal mines. Others are decades away from completing work on the most critical, high-priority sites. We estimate it will take 60 years to reclaim dangerous abandoned mine sites in Pennsylvania and 50 years in West Virginia.

Our 2005 budget proposal seeks to correct this problem. We propose to direct reclamation grants to sites where the danger is greatest. The reauthorization proposal will allow all States to eliminate significant health and safety problems within 25 years and would remove 142,000 people from risk annually. At the same time, by shifting funds to speed resolution of serious health and safety problems, the proposal will reduce fee collections and spending by \$3 billion over the life of the program.

Under our proposal, States and Tribes that have certified completion of high-priority projects will be paid their accumulated State share balances in the abandoned mine lands fund as of September 30, 2004. These payments will be

made over a ten-year period. Going forward, the grants would be distributed for high priority mine reclamation projects.

The 2005 budget proposes an appropriation of \$243.8 million for the abandoned mine lands program, including \$53.0 million for the initial State share balance distribution to certified States and Tribes.

***Indian Trust Programs:*** Fulfilling the Department's trust responsibilities continues as one of our highest priorities and greatest challenges. The assets of the trust today include over 56 million acres of land. On these lands, the Department manages over 100,000 leases for individual Indians and Tribes. We collect approximately \$194 million per year from leasing, use permits, sale revenues, and interest for 260,000 open individual Indian money accounts. About \$378 million per year is collected in 1,400 tribal accounts for 300 Tribes. In addition, the trust manages approximately \$2.9 billion in tribal funds and \$400 million in individual Indian funds.

For 2005, we are seeking \$614 million for our Unified Trust budget, a net increase of \$161 million.

In 2003 we began to reorganize trust functions in the Bureau of Indian Affairs and the Office of the Special Trustee for American Indians. The new organization is based on a detailed analysis and a year-long consultation process with tribal leaders. Our reorganization reflects a synthesis of the views heard during the consultation process. When fully implemented, the new organization will better meet fiduciary trust responsibilities, be more accountable at every level, and operate with people trained in the principles of fiduciary trust management.

To support continued implementation of the new organization, the 2005 budget proposes a net increase of \$7.2 million, including funding for 85 new trust-related positions at the local level. We request an additional \$4.0 million to quicken the pace at which probate cases are resolved.

Improving our trust organization will not by itself resolve the issues that we face in managing the trust. A still greater challenge remains. That challenge is the fractionation, or continuing subdivision, of individual Indian interests in the land that the Federal government holds in trust. Indian trust lands are primarily transferred through inheritance. With each passing generation, individual interests in the land become further subdivided among heirs, each of whom holds a smaller and smaller interest in the land. Many acres of trust land are already owned in such small ownership interests that no individual owner will



derive any meaningful value from that ownership. Without corrective action, this problem will grow exponentially.

As the number of interests grows, we expect the cost to the Federal government for managing, accounting for, and probating these interests to increase substantially, possibly to as much as \$1 billion at the end of the next 20 years.

The Indian Land Consolidation program, which acquires small ownership shares in allotted land from willing sellers, is a critical component of trust reform. We have conducted this program as a pilot for several years. The pilot has taught valuable lessons about the need to target purchases to maximize return of land to productive use and allow closure of accounts associated with fractional interests.

The 2005 budget proposes an unprecedented amount of \$75.0 million for Indian land consolidation, an increase of \$53.3 million. This funding will support an expansion beyond the seven pilot reservations to include additional reservations with the most highly fractionated lands. On a nationwide basis, we are targeting opportunities to purchase the most fractionated interests. Interior plans to use contractual arrangements with Tribes or private entities to acquire individual interests.

This commitment to end fractionation will also require legislative action to provide for workable probate reform, disposal of unclaimed property, and partition of land. We want to continue to work with the Congress to find meaningful and constructive solutions to these issues.

The 2005 budget also proposes funding to address the issue of accounting for past transactions in the trust. As the Committee is aware, the American Indian Trust Management Reform Act of 1994 requires the Secretary of the Interior to "account" for "the daily and annual balance of all funds held in trust by the United States for the benefit of an Indian Tribe or an individual Indian which are deposited or invested pursuant to the Act of June 24, 1938."

The Department is currently involved in a major class action, *Cobell v. Norton*, and 25 tribal suits over the Department's management of Indian trust funds. On January 6, 2003, as ordered by the District Court in the *Cobell* litigation, the Department filed *The Historical Accounting Plan for Individual Indian Money Accounts*. This plan provides for an historical accounting for about 260,000 individual Indian accounts over a five-year period at a cost of approximately \$335 million. The accuracy of the transactions would be verified by reviewing support documentation on a transaction-by-transaction basis for all transactions over \$5,000 and by statistically sampling transactions under \$5,000. The

sampling methodology would be designed to provide a 99 percent confidence level at any error rate.

On September 25, 2003, the *Cobell* court issued a structural injunction directing a far more expansive accounting and requiring that it be completed under more constrained time lines. We estimate that the cost of compliance with the structural injunction would be between \$6 to \$12 billion. An appeal from the September decision is pending. The Court of Appeals for the D.C. Circuit has stayed the structural injunction. In addition, the 2004 Interior Appropriations Act provides that the Department is not required to commence or continue an accounting for IIM accounts until 2004 or the Congress amends the Trust Management Reform Act to delineate the Department's historical accounting obligations or until December 31, 2004, whichever occurs first.

The 2005 budget includes \$109.4 million for historical accounting. This increase of \$65.0 million over the enacted 2004 appropriation is targeted to provide \$80.0 million for IIM accounting and \$29.4 million for tribal accounting. The budget for IIM accounting is based on the estimate of the Department's costs to continue implementation of its historical accounting process. This amount may be revised depending on how the Court of Appeals rules with regard to the structural injunction in the *Cobell* case and on whether Congress acts to delineate the specific historical accounting obligations of the Department as suggested in the 2004 Appropriations Act. The Department will continue to work with the Congress and trust beneficiaries to consider settlement of the historical accounting and related issues.

### **Investing in Conservation**

***Cooperative Conservation:*** Among Interior's most inspiring roles is its mission to conserve lands and waters across America. As we are all aware, nature knows no jurisdictional boundaries. Conservation in the 21<sup>st</sup> century depends increasingly upon partnerships across a mosaic of land ownerships. At Interior, we recognize that we cannot manage federal lands successfully unless we are able to work with adjacent landowners, States, Tribes, and communities. We also recognize that the nation cannot achieve its conservation goals solely by relying upon—and adding to—the federal dominion of lands.

These two perspectives underscore the importance of cooperative conservation. Through a variety of conservation partnerships, Interior's land managers are joining with citizen stewards to remove invasive species, reduce stream bank erosion, and enhance habitat for threatened and endangered species. Through these partnerships, the Department is building the new environmentalism of citizen stewards called for by President Bush. These partnerships leverage

federal dollars by a factor of two or more. They engage Americans in conservation. They help us work with citizens to find common ground and simultaneously achieve healthy lands, thriving communities, and dynamic economies. We look forward to working with members of Congress and their constituents in these conservation successes.

The 2005 budget proposal expands opportunities for conservation partnerships with citizens, organizations, and communities throughout the Nation. The budget proposes to spend \$507.3 million, a 20 percent increase, to expand opportunities for conservation partnerships with citizens, organizations and communities.

A cornerstone of our conservation partnership budget is the Cooperative Conservation Initiative. The Department has a long history of working cooperatively with others to achieve its conservation mission. Yet the resources available to land managers to foster innovative and collaborative conservation have fallen short of the demand. Across the nation, citizens are working to overcome conflict and, instead, work together to maintain healthy lands and waters. Our Cooperative Conservation Initiative seeks to address this growing, giving managers the support necessary to leverage funds with private citizens, States, Tribes, communities, and businesses to protect and restore habitats, wildlife and plants.

Our Cooperative Conservation Initiative builds on existing conservation partnership programs that have established productive relationships with local communities and citizens. In total, we propose that this initiative will provide \$129.5 million, an increase of \$25.5 million, for a suite of seven programs: the challenge cost share programs in the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service; the FWS Coastal program; FWS Migratory Bird Joint Ventures; FWS Partners for Fish and Wildlife; and Take Pride in America.

The budget proposes \$29.6 million for challenge cost-share activities, an increase of \$8.4 million over 2004. This request will enable land managers to undertake additional natural resource restoration and species protection projects on or impacting Federal lands. Dynamic partnerships with individuals, Tribes, State and local governments, non-profit organizations, and others will support an array of projects to restore damaged habitats and lands and achieve the conservation goals of the Department's land management agencies. Projects require a one-to-one match or better, thereby at least doubling the benefits of Federal dollars. The request for the bureau traditional challenge cost-share programs is \$24.4 million.

In 2003, challenge cost-share programs funded 256 resource restoration projects with more than 700 partners in 40 States and Puerto Rico. The ratio of matching non-Federal funds to Federal funds was nearly two-to-one, with the Federal portion at \$12.9 million and total funding at \$36.0 million.

The 2005 budget includes \$50.0 million for the Partners for Fish and Wildlife program. Through the Partners program, the Fish and Wildlife Service has established productive relationships with communities and over 30,000 landowners, providing financial and technical assistance and restoration expertise to private landowners, Tribes, and other conservation partners. Since its inception in 1987, the Partners program has restored 677,000 acres of wetlands; nearly 1.3 million acres of prairie, native grassland, and other uplands; and 5,560 miles of stream and streamside habitat.

In 2005 the Partners program will leverage \$5.0 million in the High Plains region through a public/private initiative that will restore grassland habitats and declining species over an 11-State region. In cooperation with landowners and other partners, the Fish and Wildlife Service will focus conservation efforts on restoring, enhancing, and protecting two million acres over the next ten years. The 2005 Partners budget also includes \$6.2 million for partnership efforts in the Upper Klamath basin.

Augmenting our partnership achievements is the work of over 200,000 volunteers who provide over eight million hours to Interior's programs and projects throughout the Nation. These volunteers help repair and maintain trails, restore habitat, participate in monitoring and research programs, and assist our land managers in many other ways. To promote this spirit of volunteerism, the Department has reactivated the Take Pride in America program. In California, volunteers enlisted through Take Pride pledged 400,000 hours of service to help restore areas devastated by wild land fires. The 2005 budget includes \$1.0 million for the Take Pride program as part of the Cooperative Conservation Initiative.

Also funded within the Cooperative Conservation Initiative is the Fish and Wildlife Service's Coastal program, for which we propose a funding increase of \$2.9 million, bringing total funding to \$13.1 million. The Coastal program leads FWS conservation efforts in bays, estuaries, and watersheds around the U.S. coastline and leverages Federal funding at a rate of 4:1. We also propose to increase funding for the Migratory Bird Joint Ventures program by \$1.2 million for a total of \$11.4 million. The funding increase will allow FWS to enhance 15 existing Joint Ventures and fund the Northern Great Plains and Central Hardwoods Joint Ventures.

***Endangered Species Grant Programs:*** The Department's cooperative conservation efforts also include a number of grant programs that provide expanded opportunities for State, tribal, local and private partners to participate in conservation and protection of endangered, threatened, and at-risk species. These programs will help this nation invest habitat protection and recovery of species—the ultimate goal of the Endangered Species Act. Through these investments, we can achieve on-the-ground conservation results and help avoid the conflicts, land management stresses, and procedural workloads that ensue when species become endangered.

The Landowner Incentive Program provides competitive matching grants to States, Territories, and Tribes to create, supplement, or expand programs to protect and manage habitats on private lands that benefit listed species or species at risk. The 2005 budget includes \$50.0 million to assist private landowners in conserving and restoring habitat for endangered species and other at-risk plants and animals. This is an increase of \$20.4 million over 2004.

The Private Stewardship Grants program provides grants and other assistance to individuals and groups engaged in local, private, and voluntary conservation efforts that benefit federally listed, proposed, candidate or other at-risk species. A panel of representatives from State and Federal government, agricultural and private development interests, and the scientific and conservation communities assess and make recommendations regarding these grants. The 2005 budget proposes \$10.0 million for the program, a \$2.6 million increase over 2004.

The Cooperative Endangered Species Conservation Fund provides grants to States and Territories to participate in projects to conserve candidate, proposed, and threatened and endangered species. Grants to States and Territories allow them to participate in an array of voluntary conservation projects for candidate, proposed, and listed species. These funds may in turn be awarded to private landowners and groups for conservation projects. The CESCOF grants include funding for States and Territories to implement conservation projects to support the development of Habitat Conservation Plans and to acquire habitat for threatened or endangered species. The 2005 budget proposes \$90 million, an increase of \$8.4 million, for the appropriated portion of this program.

Our grant programs also aid a wide variety of other wildlife. The 2005 budget proposes \$80.0 million for the State and Tribal Wildlife Grants program. These grants help develop and implement State and tribal programs for the benefit of wildlife and its habitat, not limited to species that are hunted or fished. The program exemplifies our cooperative conservation vision, allowing States and Tribes to tailor their conservation efforts in a manner that best fits local

conditions. A \$10.9 million increase for the program in 2005 will significantly advance efforts of State and tribal fish and game agencies to address on-the-ground wildlife needs. Based on the high level of interest in this program, we expect this program will have lasting benefits for fish and wildlife, while fostering stronger working relationships between Federal, State and tribal governments.

***Full Funding for the Land and Water Conservation Fund:*** Our cooperative conservation programs are an important component of the 2005 Land and Water Conservation Fund budget request. Overall, the Department's budget seeks \$660.6 million from the Land and Water Conservation Fund for 2005, including \$153.3 million for land acquisition and \$93.8 million for the State grant program. The Department's request, combined with the request for the U.S. Forest Service, brings total government-wide LWCF funding to \$900.2 million.

The 2005 LWCF budget includes the same mix of programs proposed in 2004. This mix strikes an effective balance between Federal land acquisition and cooperative efforts to fulfill LWCF goals.

We believe effective conservation of lands and natural resources cannot rely primarily on expanding the Federal estate through land acquisition. Such acquisitions remove lands from the local tax base. Equally significant, each time we acquire more Federal lands, future operations and maintenance costs ensue in perpetuity. Supporting local recreation and conservation through partnership programs enables us to leverage Federal funding. In many cases, these programs match Federal funds at a ratio of more than two to one. They give us an opportunity to work hand-in-hand with States, communities, and local landowners to build support for long-term conservation.

### **Conclusion**

The budget plays a key role in advancing our vision of healthy lands, thriving communities, and dynamic economies. Behind these numbers lie people, places, and partnerships. Our goals become reality through the energy and creativity efforts of our employees, volunteers, and partners. They provide the foundation for achieving the goals highlighted in our 2005 budget.

This concludes my overview of the 2005 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.